India semiconductor subsidy: Who can apply under Semicon 2.0? Investment, revenue and eligibility rules

India has notified Semicon 2.0, clearly laying out who can apply for semiconductor subsidies across chip design, fabs, packaging, equipment, materials and R&D, along with investment and revenue eligibility thresholds. Let's take a look.

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August 31, 2026, 1:14:25 PM IST (Updated)

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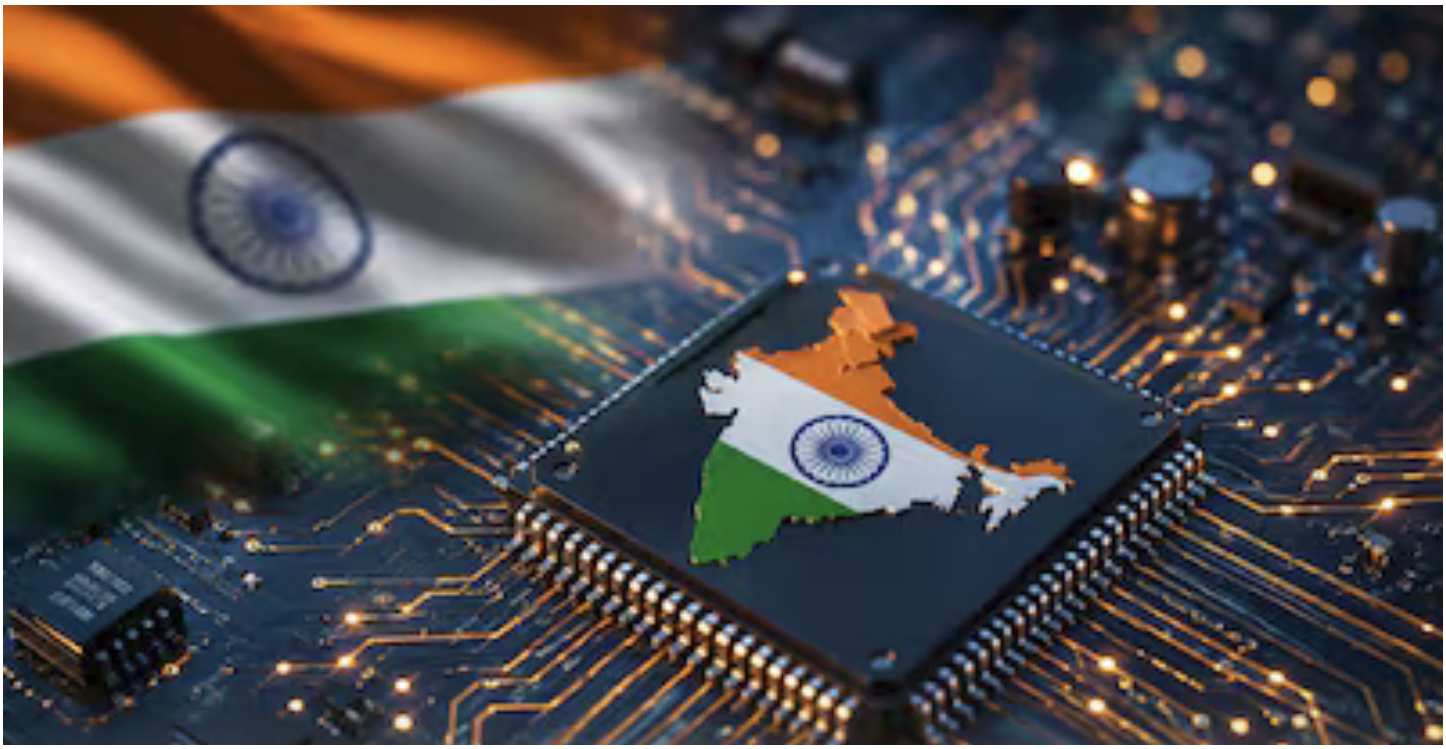

India has formally notified Semicon 2.0, opening the next phase of its semiconductor push to a much wider set of companies and institutions — from chip-design startups and MSMEs to semiconductor fabs, packaging companies, materials manufacturers, research organisations and training institutions.

The notification by the Ministry of Electronics and Information Technology (MeitY) divides eligible applicants into six pillars and 10 categories.

The notification comes after the Union Cabinet approved the ₹1.27 lakh crore outlay for India Semiconductor Mission 2.0, as reported earlier by CNBC-TV18.

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The key takeaway for businesses is that there is no single eligibility rule for the entire scheme. The thresholds vary depending on what a company wants to build.

Who can apply under Semicon 2.0?

Category	Who can apply	Key threshold	Government support
Chip design — strategic	Indian companies owned and controlled by Indian citizens	Significant Indian operations and manpower	As per competitive RfP
Chip design — commercial	Indian companies owned/ controlled by Indian citizens or OCIs; startups/ MSMEs included	Significant Indian operations and manpower	Seed funding, equity co-investment or royalty financing
Deployment of chips	Applicants eligible under Categories 1 & 2	New chips/IPs/ SoCs launched after scheme announcement with no prior sales	9% of net sales for 5 years
Machines & materials	Equipment, raw-material, testing and component companies	Capital/ revenue thresholds vary by sub-category	Up to 30% capex for specified segments + PLI in equipment
Silicon wafer fabs	Companies setting up silicon fabs	₹20,000 crore capex; ₹7,500 crore revenue; 300-mm	40% of eligible capex

		starts/month or more	
Compound/photonics/sensor fabs	Companies setting up these fabs	₹500 crore capex; ₹200 crore revenue	35% of eligible capex
Display fabs	OLED, Micro LED and LCD projects	Thresholds vary by technology	35% of eligible capex
ATMP/OSAT	Advanced and legacy packaging companies	₹1,000 crore capex; ₹200 crore revenue	35% for advanced / 25% legacy packaging
Advanced semiconductor R&D	Semiconductor companies, alone or with academic/R&D partners	Project-specific	Up to 75% of project cost
Talent development	Academic institutions, R&D bodies, labs, scientific societies, domestic training organisations	Project-specific	Up to 75% of project cost

Startups and MSMEs get a specific route

Under the commercial chip-design category, eligible startups and MSMEs can access the Design Infrastructure Support framework, including centralised access to the national EDA tools grid and multi-project wafer fabrication services.

They can also seek seed funding of up to ₹15 crore under the Product Design

Companies that have already secured VC or PE funding can also receive equity co-investment under the scheme.

For larger eligible companies, the scheme provides royalty financing or equity co-investment. Under royalty financing, the beneficiary pays 5% of the product/technology's net revenue until an amount equivalent to 1.5 times the government support has been recovered.

What does it take to build a semiconductor fab?

For a silicon semiconductor wafer fab, an applicant must propose a 300-mm wafer facility with installed capacity of at least 40,000 wafer starts per month. It must own or possess production-grade licensed technology for the proposed process, invest at least ₹20,000 crore, and have minimum revenue of ₹7,500 crore in at least one of the three financial years preceding the application.

The government will fund 40% of eligible capital expenditure, on a pari passu basis, meaning equal footing with other investors' contributions.

This is considerably lower than 50% in phase 1.

For compound semiconductor, photonics, sensor/MEMS and discrete semiconductor fabs, the thresholds are considerably lower: minimum investment of ₹500 crore, minimum revenue of ₹200 crore, and capacity of at least 500 wafer starts per month, with technology-specific wafer-size requirements. Government support is 35% of eligible capex.

What about semiconductor materials and equipment?

Companies can apply for projects involving semiconductor equipment R&D, semiconductor-grade raw materials, testing and characterisation facilities, and manufacturing or assembly of equipment, sub-assemblies and components used in fabs and packaging facilities.

Except for testing and characterisation facilities, applicants are expected to

The thresholds include:

- Semiconductor equipment R&D: ₹300 crore minimum capex and ₹120 crore minimum revenue.
- Semiconductor-grade raw materials: ₹50 crore minimum capex and ₹20 crore minimum revenue.
- Test and characterisation facilities: ₹100 crore minimum capex and ₹40 crore minimum revenue.
- Equipment/sub-assembly/component manufacturing: ₹300 crore minimum capex and ₹120 crore minimum revenue.

For equipment manufacturing, the government will additionally provide a PLI of 10%, 8%, 6%, 4%, or 2% of the value of the bill of materials sourced from domestic manufacturers, for five years beginning FY29, subject to an overall ceiling of 50% of eligible capex.

Packaging companies can also apply

Semicon 2.0 covers both advanced and legacy packaging.

For advanced packaging — including 2.5D/3D packaging, wafer-level chip-scale packaging, heterogeneous integration and advanced substrates — applicants need a minimum capex of ₹1,000 crore, revenue of ₹200 crore in at least one of the preceding three financial years and production-grade licensed technology. Government support is 35% of eligible capex.

The same ₹1,000 crore capex and ₹200 crore revenue thresholds apply to legacy packaging, but government support is lower at 25% of eligible capex.

This incentive is also considerably lower than 50% in phase 1.

Semiconductor companies can undertake advanced R&D either independently or with academic and R&D organisations. The government can provide up to 75% of project cost, including capex and opex, with separate detailed guidelines to be issued.

For talent development, eligible applicants include Indian academic institutions, R&D organisations and laboratories, scientific societies and domestic training institutions/organisations. They can also receive up to 75% of project cost, including capex and opex.

How can companies apply?

The scheme will initially remain open for applications for three years, with applications submitted through the portal of the nodal agency during the application window, according to the details provided by MeitY.

The India Semiconductor Mission (ISM) is the nodal agency and will invite applications, conduct technical and financial appraisals and recommend applicants. For the chip-design categories, it can work with C-DAC.

The government will evaluate applicants on parameters including process technology, project implementation capability, operational capability and offtake, rather than merely looking at the proposed investment.

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First Published: Aug 31, 2026 1:10 PM IST

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